

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 TRSE-00 OMB-01 ABF-01 EB-07

FRB-03 CIAE-00 INR-07 NSAE-00 /037 W

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R 251223Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9130

INFO ALL EC CAPITALS 813

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PASS AGRICULTURE FOR NOVOTNY/FAS

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: DOLLAR/UNIT OF ACCOUNT CONVERSION RATE FOR CERTAIN CAP  
PURPOSES

REF: (A) FASTO 57; (B) EC BRUSSELS 05170; (C) EC BRUSSELS 2551;

(D) EC BRUSSELS 2115

1. BEGIN SUMMARY: A SOURCE IN THE EC COMMISSION HAS AGREED TO FURNISH THE MISSION WITH THE WEEKLY U.S./\$ CONVERSION RATE FOR CERTAIN COMMON AGRICULTURAL POLICY CALCULATIONS. IN THE EVENT THIS TRANSMITTAL IS DISCONTINUED, THE RATE CAN BE CALCULATED AS EXPLAINED BELOW. END SUMMARY.

2. PREVIOUSLY, THE COMMISSION HAS REFUSED TO DISCLOSE THE EXACT \$/U.A.

CONVERSION RATE CALCULATED WEEKLY FOR ASCERTAINING THE U.A. VALUE OF AGRICULTURAL IMPORTS AND EXPORTS. HOWEVER, WE NOW HAVE DISCOVERED A SOURCE WHO DOES NOT REGARD THE RATE AS SENSITIVE AND WHO HAS AGREED TO

GIVE IT TO US REGULARLY. THE MISSION WILL REPORT THIS RATE WEEKLY. IN THE EVENT THIS SOURCE DRIES UP, THE CONVERSION RATE MAY BE COMPUTED

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IN WASHINGTON USING THE METHOD OUTLINED IN PARA. 3.

3. THE RATE IS CALCULATED ON THE BASIS OF DOLLAR EXCHANGE RATES POSTED BY THE CENTRAL BANKS OF THE FOUR "SNAKE" COUNTRIES, WEDNESDAY THROUGH TUESDAY (EXCLUDING SATURDAY AND SUNDAY). THIS RATE IS THEN USED IN THE FOLLOWING WEDNESDAY-TUESDAY WEEK. THE METHOD OF CALCULATION IS AS FOLLOWS:

A) DOLLAR SPOT RATES FOR EACH OF THE FOUR EC CURRENCIES NOW TIED TO THE SNAKE (GERMANY, DENMARK, BELGIUM-LUXEMBOURG, AND THE NETHERLANDS) ARE AVERAGED FOR THE WEEK IN QUESTION.

B) EACH OF THESE AVERAGE RATES IS DIVIDED BY THE APPLICABLE CENTRAL RATE VIS-A-VIS THE UNIT OF ACCOUNT (OR MULTIPLIED BY THE RECIPROCAL). THIS STEP TRANSFORMS THE WEEKLY DOLLAR RATE INTO UNITS OF ACCOUNT. FOR EXAMPLE, A \$/DM RATE OF 2.36 DM/\$ DIVIDED BY THE CENTRAL RATE OF 3.22 DM/U.A. WOULD YIELD A \$/U.A. RATE OF \$1 EQUALS 0.733 U.A. THE CENTRAL RATES ARE: GERMANY-3.21978 DM/U.A.; NETHERLANDS-3.35507 GUILDERS/U.A.; BELGIUM-LUXEMBOURG-48.6572 FRANCS/U.A.; DENMARK-7.57831 KRONERS/U.A.

C) A SIMPLE AVERAGE OF THESE DOLLAR/U.A. RATES IS THEN CALCULATED AND CONSTITUTES THE WEEKLY U.A./DOLLAR CONVERSION RATE.

D) WHEN FRANCE RE-ENTERS THE "SNAKE", THE FRENCH FRANC WILL BE INCLUDED IN THESE CALCULATIONS.

4. CONVERSION RATE FOR THE WEEK BEGINNING JUNE 18 IS 1 DOLLAR EQUALS 0.722112 U.A. THE SOURCE INDICATED THAT IT HAS CHANGED VERY LITTLE IN RECENT WEEKS. IN THE FUTURE, WE WILL TRANSMIT CONVERSION RATES WITH THE EXPORT-IMPORT LICENSE DATA SENT BY TOFAS EVERY FRIDAY.

5. IT SHOULD BE NOTED THAT THERE ARE SEVERAL WAYS OF COMPUTING DIFFERENT KINDS OF EC UNITS OF ACCOUNT. REFS. C AND D EXPLAIN THE -QUITE DIFFERENT-CONVERSION PROCEDURE FOR THE U.A. USED IN EC FINANCIAL INSTITUTIONS. THE CONVERSION SYSTEM DESCRIBED IN THIS PRESENT CABLE IS USED BY THE COMMISSION ONLY REPEAT ONLY FOR CONVERTING DOLLAR CIF PRICES TO UNITS OF ACCOUNT (IN DETERMINING THE IMPORT LEVIES, EXPORT SUBSIDIES, ETC.). USE OF THE LIMITED OFFICIAL USE

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PROCEDURE IN THIS CABLE TO CONVERT EC AGRICULTURAL EXPORT SUBSIDIES TO DOLLARS WILL NOT YIELD THE SAME RESULT AS THE CORRECT METHOD DESCRIBED IN REF. B. GREENWALD

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** WHEAT, EXPORTS, SUBSIDIES, PRICES  
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**Disposition Authority:** buchandr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Review Transfer Date:**  
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**Status:** NATIVE  
**Subject:** DOLLAR/UNIT OF ACCOUNT CONVERSION RATE FOR CERTAIN CAP PURPOSES  
**TAGS:** EAGR, EEC  
**To:** STATE  
**Type:** TE  
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